

## 6.0 Responding to a Withdrawn Submission

If HUD has withdrawn your HUD-FHA Approval status and you would like to start an appeal, please refer to this section.

HUD may withdraw a lender's HUD-FHA Approval status for one of four reasons:

- Financial reports must be submitted to HUD within the 90-day period after the lender's fiscal year end. After the 90-day period, the submission is considered late. The lender will only have 30 days from the day they are considered late to submit an acceptable financial report or cure. If the lender did not submit an acceptable financial report or cure within 30 days of the date they were marked late (90<sup>th</sup> day), the lender's HUD-FHA Approval will be withdrawn.
- If the lender's financial report was submitted to HUD, **rejected**, and the lender did not submit an acceptable cure to the rejected financial report within 30 days of the submission being marked **rejected**, the lender's HUD-FHA Approval will be withdrawn.
- If the lender's financial report was submitted to HUD, marked **deficient**, and the lender did not submit an acceptable cure to the deficient financial report within 30 days of the submission being marked **deficient**, the lender's HUD-FHA Approval will be withdrawn.
- If the lender did not submit a submission at all within the first 120 days after the lender's fiscal year end date, the lender's HUD-FHA Approval will be withdrawn.

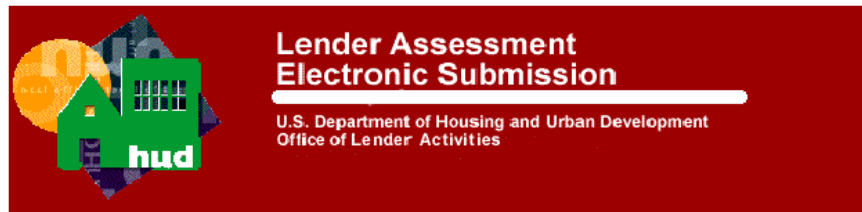
*Note: All lenders have the ability to either request a hearing or submit a reinstatement cure as part of HUD's appeal process for a withdrawn HUD-FHA Approval status. Lenders will have 30 days from the receipt of the 'Notice of Withdrawal' letter to either request a hearing or submit a reinstatement cure. If the lender fails to comply with this 30-day requirement, the lender's HUD-FHA Approval will be terminated and the lender will be required to go through the FHA-approval process again, beginning with filling out the FHA Approval Application.*

## 6.1 Withdrawn Lender Appeal Procedure

**Step 1:** After logging into LASS, click on the status link for the submission. The status should read 'Withdrawn'.

*Note: This link will only be enabled after HUD sends the Notice of Withdrawal letter. Prior to this, the link will be inactive. The lender will have to wait for this link to be active in order to begin the appeal.*

**Step 2:** The page will reload and the user will be brought to the 'Withdrawn Lender Appeal Procedure' page. This page will outline HUD's policy for withdrawing a lender's HUD-FHA Approval as well as a link to the Notice of Withdrawal letter. In addition, this page will also display any 'Deficiency Reasons' that the lender's original financial report may have generated. See below:



#### WITHDRAWN LENDER APPEAL PROCEDURE

HUD-FHA requires all HUD approved Title I and Title II non-supervised lenders, mortgagees, and loan correspondents to meet minimum net worth and liquidity requirements, and electronically submit acceptable financial and compliance data within 90 days after the close of their fiscal year. As you were previously notified, your electronic submission did not meet these requirements. The deficiencies noted below, remain incomplete or missing and/or contain financial conditions that are not in compliance with Departmental requirements.

You are hereby notified that your company's HUD-FHA Approval is withdrawn effective upon your receipt of the certified mail letter (Notice) notifying you of your withdrawal. In the event you have not received your Notice, click [HERE](#) for a copy of the Notice that was sent to you at the address on file with the Department. This withdrawal is effective for a period not less than one year. Upon expiration, you may file a new application for approval under 24 CFR Part 202. This action is taken under 24 CFR Part 25. If you believe this withdrawal is in error, please notify the Office of Lender Approval via telephone at (202) 755-7400, extension 161, via fax at (202) 755-0303, or via e-mail at HSG-Lender\_Approval@hud.gov.

Pursuant to 24 CFR Part 25.8, your company may request a hearing in this matter. To expedite the resolution of this matter, you may bypass the hearing process and request reinstatement through HUD's streamlined reinstatement process. See Request for Reinstatement template, below, for more details. All requests for this reinstatement process must be made electronically. Selecting this process will automatically preserve your right to request a hearing in this matter, if necessary.

If you are not interested in the expedited process described above (or unable to resolve this matter through the streamlined reinstatement process described above), you may request a hearing in this matter. Hearing requests can be expedited by responding electronically through the Request for Hearing template, below. Hearing requests can also be made in writing (please include a copy of this document with the Lender Information completed). Written requests must be mailed to:

HUD MRB Docket Clerk  
451 7th Street, SW., Rm. B-133 CEP Portals Bldg  
Washington, DC 20410

All requests for either a hearing or to participate in the Reinstatement Process must be made within 30 days of receipt of the Notice. If HUD does not receive a response within these 30 days, this action may no longer have a right to a hearing in this matter.

This action in no way affects your company's continuing responsibility in connection with outstanding HUD-FHA insured mortgage loans and the obligation to pay all fees or premiums now or hereafter due the Department. HUD-FHA will not endorse any mortgage originated by a withdrawn lender unless, prior to the date of the withdrawal, a firm commitment has been issued related to any such mortgage or a direct endorsement underwriter has approved the mortgagor for any such mortgage, evidenced by the signing of a Mortgage Credit Analysis Worksheet. All other mortgages in process must be assigned to another HUD-FHA approved lender.

Click here to view the 'Notice of Withdrawal' letter.

(Template continued on the next page)

If your company has been approved to participate in the Department's multifamily mortgage insurance program, this action will not affect outstanding firm commitments, including insurance of advances made or to be made during construction under multifamily mortgage loans initially endorsed for insurance. However, conditional commitments must be assigned to another HUD-FHA lender approved for multifamily programs.

Effective upon receipt of your letter, the Department will not issue new case numbers or accept new applications for commitments (except as noted above) and will return all pending applications. We have advised all relevant Department Offices of this action.

If you have any question, please contact this office via telephone at (202) 755-7400, extension 161, via fax at (202) 755-0303, or via e-mail at HSG-Lender\_Approval@hud.gov.

Deficiency reasons (if any) will be listed here.



Deficiency Reasons	Reviewer's Comments																				
<table border="1"> <thead> <tr> <th colspan="2">Lender Information</th> </tr> </thead> <tbody> <tr> <td>Lender ID:</td> <td></td> </tr> <tr> <td>Lender Name:</td> <td></td> </tr> <tr> <td>Lender Street Name:</td> <td></td> </tr> <tr> <td>Lender City:</td> <td></td> </tr> <tr> <td>Lender State:</td> <td></td> </tr> <tr> <td>Lender Zip Code:</td> <td></td> </tr> <tr> <td>Fiscal Year End:</td> <td></td> </tr> <tr> <td>Program Type:</td> <td></td> </tr> <tr> <td>Contact Phone Number:</td> <td></td> </tr> </tbody> </table>		Lender Information		Lender ID:		Lender Name:		Lender Street Name:		Lender City:		Lender State:		Lender Zip Code:		Fiscal Year End:		Program Type:		Contact Phone Number:	
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*Note: If the user clicks on the 'Here' link within the 2<sup>nd</sup> paragraph, the 'Notice of Withdrawal' letter that was sent to the lender will be displayed. After viewing the letter, to return to the 'Withdrawn Lender Appeal Procedure' page, simply click the 'Back' button in your browser.*

**Step 3:** To continue with the appeals process after reading the 'Withdrawn Lender Appeal Procedure' page in its entirety, click 'Continue' at the bottom of the page.

**Step 4:** The page will load and offer two options:

- Request for Reinstatement
- Request for a Hearing

See below:

**Request for Reinstatement**

This process allows a lender to enter into an expedited settlement with the Department. By selecting to go through this process, the lender preserves its right to later request a hearing in this matter in the event it is unable to cure its deficiencies and/or complete the Request for Reinstatement process.

In order to be reinstated, you must first:

1. Cure all deficiencies noted above under "Deficiency Reasons,"
2. Pay the Department a Reinstatement Fee of \$1,000,
3. Be current on any outstanding financial obligations owed to the Government, and
4. Sign a settlement agreement with the Department.

All cures must be submitted and approved by the Office of Lender Approval (OLA) within 30 days of submitting your Request for Reinstatement. Therefore, to meet this 30-day requirement, cures must be submitted as quickly as possible, but no later than 14 days of the Request for Reinstatement. OLA will then review your submission and reach a decision on whether to accept or reject your cures. Once your Request for Reinstatement is submitted, you will be directed to the proper screen so that you can submit your cures.

[Click Here to go through Reinstatement Process](#)

Reinstatement  
process

**Request for a Hearing**

HUD regulations at 24 CFR § 25.8 permit a lender to request a hearing after the Department takes an administrative action such as the withdrawal at issue. Requests must be made within 30 days of receipt of its withdrawal notice. A hearing would be held before a hearing official designated by the Mortgagee Review Board. A member of the Office of General Counsel will contact you to schedule this hearing. Further details regarding the hearing process can be found at 24 CFR § 25.8.

To expedite your Request for a Hearing, check the box below and submit this template using the button, below. You will receive an email from HUD confirming your request if you completed the Lender Information, above. A member of the Office of General Counsel will contact you to schedule this hearing. If you wish to send a written request instead of using the electronic template, please print this document and mail it to:

HUD MRB Docket Clerk  
451 7th Street, SW., Rm. B-133 CEP Portals Bldg  
Washington, DC 20410

Enter comments here:

[Click Here to request a hearing](#)

Hearing process

Continue

**Step 5:** To complete the hearing process, please proceed to the next section of this manual (**Section 7.1.1 Hearing Process**). To complete the reinstatement process, please proceed to **Section 7.1.2 Reinstatement Process** of this User's Manual.

## 6.2 Hearing Process

**Step 1:** To proceed with the Hearing process; click on the radio button next to 'Click here to request a hearing' at the bottom of the page. Enter comments in the text box provided. .

***Note:** Comments entered in the text box will be viewable by a representative in HUD's Office of General Counsel.*

**Step 2:** After selecting the 'Request Hearing' radio button, click the 'Continue' button at the bottom of the page. See below:

**Request for a Hearing**

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Enter comments here:


(Template continued on the next page)

Click here after  
selecting 'Click Here to  
Request a Hearing'

☐ Click Here to request a hearing

Continue

**Step 3:** After clicking 'Continue' from the previous step, the page will reload and take the user back to the inbox. At this point, the status will read 'Withdrawal Appeal Pending'. See below.



## Lender Assessment Electronic Submission

U.S. Department of Housing and Urban Development  
Office of Lender Activities

Inbox | Create New Submission | Delete Draft Submission

**Instructions:**  
Click the 'Create New Submission' link to begin your submission. To create an extension request, click the 'Request 30-Day Extension' link if it is available.

**Lender Name**

**Status**

ALL

Search

STATUS	LENDER NUMBER	LENDER NAME	PROGRAM TYPE	FISCAL YEAR END	LASS ANALYST
<u>Withdrawal Appeal Pending</u>	123456	ABC	Title II	May	

**Step 4:** At this point, your request for a hearing has been submitted to HUD's Office of General Council (OGC). A representative from OGC will contact you to expedite the hearing process.

**Note:** After the hearing is completed and if the lender has won the hearing, the lender's HUD-FHA Approval status will be reinstated. If the lender has NOT won the hearing, the lender's HUD-FHA Approval status will be terminated and the lender will be required to go through the FHA Approval process to reapply. The 'Reinstated' or 'Terminated' status will be displayed in the inbox when the lender logs into LASS.


### 7.1.2 Reinstatement Process

If you would rather complete a reinstatement cure instead of requesting a hearing, please refer to this section.

**Note:** *There is a non-refundable \$1000 fee payable to HUD that is required to successfully complete the reinstatement process. This fee is only due if the lender's Reinstatement Cure is accepted by HUD. If HUD does NOT accept the lender's Reinstatement Cure, the lender's HUD-FHA Approval will be terminated and the lender IS NOT required to pay the \$1000 fee. The terminated lender will be required to go through the approval process again if they wish to re-establish their HUD-FHA Approval.*

**Step 1:** From the inbox, click on the status link titled 'Withdrawn'.

**Step 2:** The 'Withdrawn Lender Appeal Procedure' page will be displayed. This page will outline HUD's policy for withdrawing a lender's HUD-FHA Approval status as well as a link to the Notice of Withdrawal letter that was sent by HUD. In addition, this page will also display any 'Deficiency Reasons' that the lender's original financial report may have generated. See below:



## Lender Assessment Electronic Submission

U.S. Department of Housing and Urban Development  
Office of Lender Activities

### WITHDRAWN LENDER APPEAL PROCEDURE

HUD-FHA requires all HUD approved Title I and Title II non-supervised lenders, mortgagees, and loan correspondents to meet minimum net worth and liquidity requirements, and electronically submit acceptable financial and compliance data within 90 days after the close of their fiscal year. As you were previously notified, your electronic submission did not meet these requirements. The deficiencies noted below, remain incomplete or missing and/or contain financial conditions that are not in compliance with Departmental requirements.

You are hereby notified that your company's HUD-FHA Approval is withdrawn effective upon your receipt of the certified mail letter (Notice) notifying you of your withdrawal. In the event you have not received your Notice, click [HERE](#) for a copy of the Notice that was sent to you at the address on file with the Department. This withdrawal is effective for a period not less than one year. Upon expiration, you may file a new application for approval under 24 CFR Part 202. This action is taken under 24 CFR Part 25. If you believe this withdrawal is in error, please notify the Office of Lender Approval via telephone at (202) 755-7400, extension 161, via fax at (202) 755-0303, or via e-mail at HSG-Lender\_Approval@hud.gov.

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(Template continued on next page)

Pursuant to 24 CFR Part 25.8, your company may request a hearing in this matter. To expedite the resolution of this matter, you may bypass the hearing process and request reinstatement through HUD's streamlined reinstatement process. See Request for Reinstatement template, below, for more details. All requests for this reinstatement process must be made electronically. Selecting this process will automatically preserve your right to request a hearing in this matter, if necessary.

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All requests for either a hearing or to participate in the Reinstatement Process must be made within 30 days of receipt of the Notice. If HUD does not receive a response within these 30 days, this action may no longer have a right to a hearing in this matter.

This action in no way affects your company's continuing responsibility in connection with outstanding HUD-FHA insured mortgage loans and the obligation to pay all fees or premiums now or hereafter due the Department. HUD-FHA will not endorse any mortgage originated by a withdrawn lender unless, prior to the date of the withdrawal, a firm commitment has been issued related to any such mortgage or a direct endorsement underwriter has approved the mortgagor for any such mortgage, evidenced by the signing of a Mortgage Credit Analysis Worksheet. All other mortgages in process must be assigned to another HUD-FHA approved lender.

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Effective upon receipt of your letter, the Department will not issue new case numbers or accept new applications for commitments (except as noted above) and will return all pending applications. We have advised all relevant Department Offices of this action.

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Deficiency reasons  
(if any) will be listed  
here

#### Deficiency Reasons

#### Reviewer's Comments

#### Lender Information

Lender ID:   
Lender Name:   
Lender Street Name:   
Lender City:   
Lender State:   
Lender Zip Code:   
Fiscal Year End:   
Program Type:   
Contact Phone Number:

**Note:** If the user clicks on the 'Here' link within the 2<sup>nd</sup> paragraph, the 'Notice of Withdrawal' letter that was sent to the lender will be displayed. After viewing the letter, to return to the 'Withdrawn Lender Appeal Procedure' page, simply click the 'Back' button in your browser.



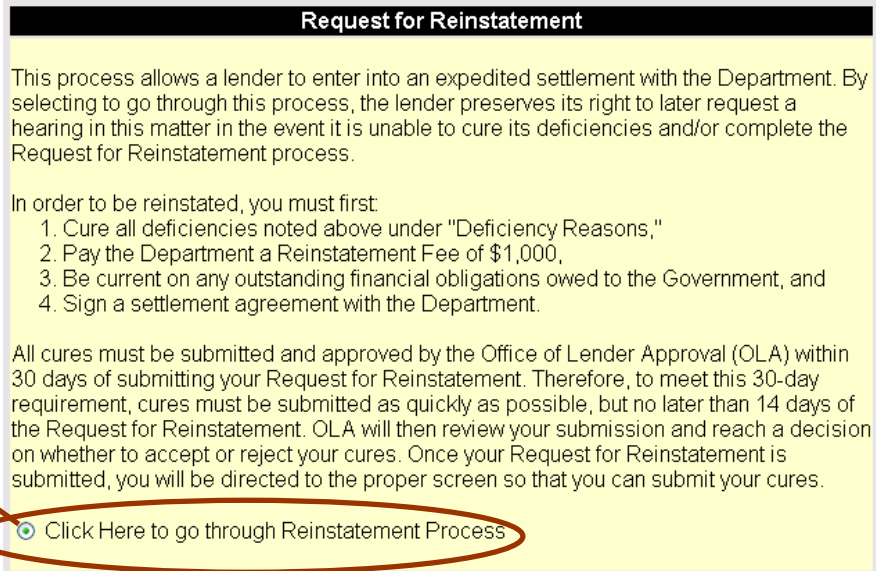
**Step 3:** To continue with the appeals process after reading the 'Withdrawn Lender Appeal Procedure' page in its entirety, click 'Continue' at the bottom of the page.

**Step 4:** The page will load and will offer two options:

- Request for Reinstatement
- Request for a Hearing

See below:

**Reinstatement process**



**Request for Reinstatement**

This process allows a lender to enter into an expedited settlement with the Department. By selecting to go through this process, the lender preserves its right to later request a hearing in this matter in the event it is unable to cure its deficiencies and/or complete the Request for Reinstatement process.

In order to be reinstated, you must first:

1. Cure all deficiencies noted above under "Deficiency Reasons,"
2. Pay the Department a Reinstatement Fee of \$1,000,
3. Be current on any outstanding financial obligations owed to the Government, and
4. Sign a settlement agreement with the Department.

All cures must be submitted and approved by the Office of Lender Approval (OLA) within 30 days of submitting your Request for Reinstatement. Therefore, to meet this 30-day requirement, cures must be submitted as quickly as possible, but no later than 14 days of the Request for Reinstatement. OLA will then review your submission and reach a decision on whether to accept or reject your cures. Once your Request for Reinstatement is submitted, you will be directed to the proper screen so that you can submit your cures.

[Click Here to go through Reinstatement Process](#)

(Template continued on the next page)

**Request for a Hearing**

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HUD MRB Docket Clerk  
451 7th Street, SW., Rm. B-133 CEP Portals Bldg  
Washington, DC 20410

Enter comments here:

☐ Click Here to request a hearing

Continue

**Note:** To complete the 'Request a Hearing' process, please refer to **Section 7.1.1 'Requesting a Hearing' of this User's Manual**.

**Step 5:** To proceed with the reinstatement process; click on the radio button next to 'Click Here to go through Reinstatement Process'. See the previous screenshot above.

**Step 6:** After clicking the radio button, click on 'Continue' at the bottom of the page. The page will reload and the user will be brought back to the inbox. At this point, the status in the table will now read 'Reinstatement Draft Cure'.

**Step 7:** To continue with the appeal process, click on the 'Reinstatement Draft Cure' link in your inbox. After clicking on this link, you will be brought to one of three screens:

1. Create a Cure Page
2. Balance Sheet
3. Parent/Subsidiary Page

**Step 8:** If you were brought to the Parent/Subsidiary question, please answer these questions appropriately and proceed through the submission. For more information on answering these questions, please refer to Section 3.0 'Create & Delete a Submission'.

**Step 9:** If you were brought to the Create Cure page, please refer to Section 5.13 'Response to a Deficient Submission' for instructions on submitting a cure.

**Step 10:** If you were brought to the Balance Sheet in an editable format, correct any data that needs to be corrected in order to cure your deficiencies. For more information on completing from this point, please refer to Section 5.0 - 5.12.

**Step 11:** Once the user is finished either attaching a cure or filling out the forms, click the submit link at the top of the page. At this point, if the lender submitted an attachment as the cure, click the 'Submit Financial Data' button to submit to HUD.

***Note:** If the user made corrections to the actual financial forms or started from the Parent/Sub questions, click the 'Submission Completeness Check' button and follow the instructions on the screen. After this, the lender must submit the financial report to his/her Auditor (IPA). The IPA can either agree or disagree with the report. If he/she agrees with the report, the user must then submit the report to HUD for review. If the IPA disagrees with the report, the lender must correct items that the IPA disagreed with and resubmit them to the IPA until the IPA agrees with the financial report.*

***Note:** For detailed instructions on Submitting to the Auditor (IPA), please refer to **Section 5.9 - Submit to IPA** of this manual. For detailed instructions on how the IPA agrees or disagrees with the report, please refer to **Section 5.10 - Auditor Procedures** of this manual. For detailed instructions on submitting the report to HUD for review, please see **Section 5.12 - Submit to HUD for Review** of this manual.*

**Step 12:** After submitting to HUD, log back into your inbox. If the status reads 'Reinstatement Pending', this means HUD has accepted your Reinstatement Cure. Click on the 'Reinstatement Pending' link.

***Note:** If the lender logs into their inbox and the status reads 'Terminated' this means the Reinstatement Cure was not accepted.*

**Step 13:** After clicking on the 'Reinstatement Pending' link, the page will reload and the Settlement Agreement will be displayed. To continue with the reinstatement process, the Settlement Agreement must be signed. To sign the Settlement Agreement, the user must enter in his/her full name in the 'By' field at the bottom of the Settlement Agreement. The user must also enter in his/her title in the 'Title' field. See below:

UNITED STATES OF AMERICA  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Washington, D.C.

	)	
In the Matter of:	)	
	)	
	)	Mortgagee No
	)	
Respondent	)	
	)	

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is made and entered into between the Mortgagee Review Board of the United States Department of Housing and Urban Development (HUD) and (hereinafter "the Mortgagee").

WHEREAS, the Mortgagee is a Title 2 Non-Supervised Mortgagee; lender located in DAVIS, CA.

WHEREAS, the Mortgagee is required, pursuant to Section 202 of the National Housing Act (12 U.S.C. 1709) and 24 C.F.R. Part 202, and pursuant to the conditions under which the Mortgagee obtained approval to participate in certain Federal Housing Administration (hereinafter "FHA") programs, to electronically submit to HUD, within 90 days of the close of each fiscal year of the Mortgagee, an acceptable audit report;

WHEREAS, the Mortgagee's Fiscal Year for 2004 ended March 31, 2004;

WHEREAS, the Mortgagee failed to submit its Fiscal Year Ending March 31, 2004 audit report timely and in a manner prescribed by HUD, and continued in such failure to submit such report;

WHEREAS, HUD exercised its authority to take an administrative action against the Mortgagee pursuant to 24 C.F.R. Part 25;

WHEREAS, HUD withdrew the HUD-FHA approval of the Mortgagee as a result of such failure to submit such audit report, by notice dated (the Notice);

WHEREAS, the Mortgagee and HUD mutually desire to avoid further expense and administrative proceedings and to reach a satisfactory resolution of this matter;

WHEREAS, the Agreement is for the purpose of resolving the withdrawal action taken by HUD as a result of the Mortgagee's failure to electronically submit the required audit report and does not affect any other matter;

WHEREAS, the Mortgagee has now submitted electronically to HUD's Lender Approval Subsystem (LASS), an acceptable report;

WHEREAS, the Mortgagee shall remit to HUD, along with this Agreement, a payment of a reinstatement fee of \$1,000.00; and  
NOW, THEREFORE, HUD and the Mortgagee agree as follows:

1. This Agreement shall become effective upon its execution by the Chairman of the Mortgagee Review Board or his duly authorized designee (Effective Date),

2. Upon execution of this Agreement by the Mortgagee, the Mortgagee shall mail a reinstatement fee of One Thousand Dollars (\$1,000) to HUD at the following address:

US Department of Housing and Urban Development  
490 L'Enfant Plaza East SW  
Suite 3214  
Washington, DC 20024.

3. HUD's withdrawal action shall terminate on the Effective Date of this Agreement, and the HUD-FHA approval of the Mortgagee shall be reinstated as soon as practical after such date;

4. The Mortgagee will henceforth submit to HUD, in a timely fashion, an acceptable audit report, filed electronically to LASS, with respect to each fiscal year of the Mortgagee.

5. The Mortgagee agrees to fully comply with all applicable rules, regulations, and requirements of HUD.

6. Any breach of the terms and conditions of this Agreement shall constitute independent grounds for imposition of administrative sanctions by HUD against the Mortgagee pursuant to 24 C.F.R. Part 25.

7. The Mortgagee hereby waives, releases, and remits any and all claims, directly or indirectly, that it may have with respect to this administrative action or the Notice.

8. Each party shall bear its own costs and legal fees.

WHEREFORE, the parties hereto have duly executed this Settlement Agreement.

Date: Jul 14 2004 02:23 PM

By:   
Title:

Enter Name and  
Title in the spaces  
provided

Date: \_\_\_\_\_

UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
By: Philip A. Murray  
Title: Director, Office of Lender Activities  
And Program Compliance

I Accept This Agreement

**Step 14:** After filling in the 'By' and 'Title' fields, to complete the Settlement Agreement, click on the 'I Accept This Agreement' button at the bottom of the page.

**Note:** The lender will have 2 weeks from the time he/she signs the Settlement Agreement to submit the \$1000 reinstatement fee to HUD. If HUD does not receive the payment within 2 weeks, the lender's HUD-FHA Approval status will be terminated.

**Step 15:** After completing the previous step, the user will automatically be brought back to the inbox and the status will read 'Awaiting Payment'. The status will remain in 'Awaiting Payment' until HUD receives your \$1000 reinstatement fee. Once the fee is received, when the user clicks on the 'Awaiting Payment' link the status will change to 'Reinstated'.

**Note:** If the lender's status is 'Reinstated', the lender will not have to submit to LASS until the end of the lender's next Fiscal Year End. If the lender's status is 'Terminated', to re-establish their HUD-FHA Approval status, the lender will be required to go through the FHA Application approval process. For information on the approval process, please call 202-755-7400 Ext 161.